

CRAWFORD COUNTY, IOWA

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2016

Crawford County
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Crawford County

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Randall Kuhlmann	Board of Supervisors	January, 2017
Steve Ulmer	Board of Supervisors	January, 2019
Eric Skoog	Board of Supervisors	January, 2019
Kyle Schultz	Board of Supervisors	January, 2019
Cecil Blum	Board of Supervisors	January, 2017
Terri Martens	County Auditor	January, 2017
Jeri Vogt	County Treasurer	January, 2019
Denise Meeves	County Recorder	January, 2019
Jim Steinkuehler	County Sheriff	January, 2017
Roger Sailer	County Attorney	January, 2019
Duane Zenk	County Assessor	January, 2020

Gronewold, Bell, Kyhnn & Co. P.C.

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INDEPENDENT AUDITOR'S REPORT

To the Officials of Crawford County

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Crawford County, Iowa as of and for the year ended June 30, 2016, and related Notes to the Financial Statements, which collectively comprise the County's basic financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the County's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Officials of Crawford County

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Crawford County as of June 30, 2016 and the respective changes in its financial position, and its cash flows where applicable for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require Management's Discussion and Analysis, the Budgetary Comparison Information, the Schedule of the County's Proportionate Share of the Net Pension Liability, and the Schedule of County Contributions on pages 3 through 3g and on pages 40 through 45 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crawford County, Iowa's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2015 (which are not presented herein) and expressed unmodified and qualified opinions on those financial statements. The supplementary information included in Schedules 1 through 6 including the Schedule of Expenditures of Federal Awards required by Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

To the Officials of Crawford County

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 6, 2017 on our consideration of Crawford County, Iowa's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Crawford County's internal control over financial reporting and compliance.

Omce Wohl, Ben, Kylin & Co. P.C.

Atlantic, Iowa
March 6, 2017



Board of Supervisors

Crawford County Courthouse
1202 Broadway
Denison, Iowa 51442

(712)263-5356 Fax: (712)263-8382

MEMBERS :

*Cecil Blum, Dave Muhlbauer, Kyle Schultz
Eric Skoog and Steve P. Ulmer*

MANAGEMENT'S DISCUSSION & ANALYSIS

The Crawford County Board of Supervisors provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2016. It is the intent that this statement be reviewed and considered in conjunction with reading the County's financial statements.

2016 FINANCIAL HIGHLIGHTS

- Crawford County's revenue for the 2016 governmental activities was \$18,839,019 compared to \$24,046,234 in 2015, for a decrease of \$5,207,215. Capital grants, contributions and restricted interest decreased by \$3,939,604 from the previous year. Property and other county taxes decreased \$479,893 from the previous fiscal year.
- Crawford County's expenditures increased to \$19,022,283 in fiscal year 2016 from \$18,867,443 in fiscal year 2015 - an increase of \$154,840.
- Crawford County's capital assets (net of accumulated depreciation) decreased approximately \$122,565 from the previous year.
- Crawford County self-funds their health insurance, using a stop loss of \$35,000. So far the plan has worked to maintain relatively level premiums and the County has been able to grow a reserve in the fund. The ending assets as of June 30, 2016 were \$1,608,707 and the claims incurred but not yet paid were \$249,085 leaving a net of \$1,359,622.

UTILIZATION OF THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information, as follows:

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the County's financial activities.
- The Government-Wide Financial Statements consist of a Statement of Net Position and a Statement of Activities. These provide information about the activities of Crawford County as a whole and present an overall view of the County's finances.
- The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report Crawford County's operations in more detail than government-wide statements by providing information about the most significant funds. The remaining financial statements provide information about activities for which Crawford County acts solely as an agent or custodian for the benefit of those outside of County government (Agency Funds).
- Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.
- Required Supplementary Information further explains and supports the financial statements with a comparison of the County's budget for the year, and the County's proportionate share of the net pension liability and related contributions.
- Supplementary Information provides detailed information about the nonmajor governmental and the individual Agency Funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the County.

Reporting the County's Financial Activities

Government-Wide Financial Statements

One of the most important questions asked about the County's finances is *Is the County as a whole better off or worse off as a result of the year's activities?* The statement of net position and the statement of activities report information about activities in a way that helps answer this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting and the economic resources measurement focus. This is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in the County's net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The Statement of Activities presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported as soon as the event or change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not result in cash flows until future fiscal periods.

The County's governmental activities are displayed in the Statement of Net Position and the Statement of Activities. Governmental activities include:

1. Public Safety and Legal Services
2. Physical Health & Social Services
3. Mental Health
4. County Environment and Education
5. Roads and Transportation
6. Government Services to Residents
7. Administration
8. Interest on Long-Term Debt

Property tax, local option tax, road use tax, and state and federal grants finance most of these activities.

Fund Financial Statements

Crawford County has three kinds of funds: governmental funds, proprietary funds, & fiduciary funds:

1) Governmental funds account for most of the County's basic services. These focus on how money flows into and out of those funds, and the balances left at year-end that are available for spending. These governmental funds may include: (1) the General Fund (General Basic & General Supplemental), (2) The Special Revenue Funds such as Mental Health, Rural Services (Rural Basic and Rural Supplemental), Secondary Roads and others, (3) the Debt Service Fund, and (4) the Capital Projects Fund. These funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund financial statements provide a detailed, short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

The governmental funds required financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances.

2) A proprietary fund accounts for the County's Internal Service, Employee Group Health Fund. Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions.

The required financial statements for proprietary funds include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Fund Net Position and a Statement of Cash Flows.

3) Fiduciary funds are used to report assets held in a trust or agency capacity for others and cannot be used to support the County's own programs. These fiduciary funds include agency funds that account for emergency management services and the county assessor to name a couple.

The fiduciary funds required financial statements include a Statement of Fiduciary Assets and Liabilities.

Reconciliations between the government-wide financial statements and the governmental fund financial statements follow the governmental fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of financial position. Crawford County's net position for FY16 total \$43,456,683 compared to FY15 at \$43,639,947. The County is recording capital assets, which decreased to \$37,595,301 in FY16. The analysis that follows focuses on the changes of the net position for our governmental activities.

Net Position of Governmental Activities

	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Current and other assets	\$ 20,589,791	\$ 20,890,977
Capital Assets	<u>37,595,301</u>	<u>37,717,866</u>
Total Assets	<u>\$ 58,185,092</u>	<u>\$ 58,608,843</u>
Deferred Outflows of Resources	<u>\$ 1,363,335</u>	<u>\$ 598,760</u>
Long Term Liabilities	\$ 5,275,527	\$ 4,630,144
Other Liabilities	<u>1,157,613</u>	<u>1,570,921</u>
Total Liabilities	<u>\$ 6,433,140</u>	<u>\$ 6,201,065</u>
Deferred Inflows of Resources	<u>\$ 9,658,604</u>	<u>\$ 9,366,591</u>
Net Position:		
Net investment in capital assets	\$ 36,345,301	\$ 36,337,866
Restricted	5,070,751	5,486,751
Unrestricted	<u>2,040,631</u>	<u>1,815,330</u>
Total Net Position	<u>\$ 43,456,683</u>	<u>\$ 43,639,947</u>

The largest portion of the County's net position is the Net Investment in Capital Assets (e.g. land, infrastructure, buildings, and equipment). The debt related to the Investment in Capital Assets is liquidated with sources other than capital assets, since they are unavailable for future spending. Restricted net position represent resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used. Unrestricted net position are the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, legislation, or other legal requirements.

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES			
REVENUES			
	6/30/16	6/30/15	Difference
Program Revenues			
Charges for services	3,878,161	4,038,125	(159,964)
Operating Grants & Contributions	4,717,550	5,420,379	(702,829)
Capital Grants & Contributions	1,465,348	5,404,952	(3,939,604)
General Revenues			
Property Taxes	7,415,094	7,894,987	(479,893)
Penalty & Interest on Property	50,659	48,695	1,964
State tax credits	558,497	448,747	109,750
Local option sales & service tax	643,923	660,778	(16,855)
Unrestricted investment earnings	108,942	128,726	(19,784)
Other general revenues	845	845	--
Total Revenues	18,839,019	24,046,234	(5,207,215)
PROGRAM EXPENSES			
Public Safety & Legal Services	2,286,247	2,038,483	247,764
Physical Health & Social Services	2,392,502	2,664,651	(272,149)
Mental Health	689,370	912,491	(223,121)
County Environment & Education	1,159,267	1,167,598	(8,331)
Roads & Transportation	8,921,294	8,937,481	(16,187)
Government Services to Residents	629,592	574,197	55,395
Administration	2,919,469	2,511,335	408,134
Interest on long-term debt	24,542	61,207	(36,665)
Total Expenses	19,022,283	18,867,443	154,840
Change in Net Position	(183,264)	5,178,791	(5,362,055)
Net position beginning of year, as restated	43,639,947	38,461,156	5,178,791
Net position at end of year	43,456,683	43,639,947	(183,264)

The total TIF asking from the cities was as follows:

Increase in TIF requests	\$1,790
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The county's tax levies are compared as set forth below:

Local option sales tax revenue decreased with the County receiving a total of \$643,923 in total for the year.

Crawford County completed the year with its governmental funds reported combined cash balance of \$7,515,422 a decrease of \$1,155,565 from the previous year. The county ended the year with a combined fund balance of \$9,265,838, a decrease of \$423,858 over the previous year.

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The Rural Services Fund ended FY16 with a fund balance of \$583,323.

Secondary Roads ended FY16 with a fund balance of \$2,637,931. This fund changes due to timing of construction projects. Crawford County maintains 878 miles of gravel roads, has 209 miles of dirt roads and 135 miles of paved roads. Unlike a large number of Iowa counties, Crawford County also has 265 bridges which they maintain. The county has an entitlement to farm to market funds for secondary road purposes which are administered by the Iowa Department of Transportation. These funds are not included in the County's financial report.

GENERAL BUDGETARY HIGHLIGHTS

The Crawford County budget was amended three times during fiscal year 2016. The County's disbursements were less than budgeted in all functions and less than budgeted in total by \$1,357,845.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Crawford County ended FY16 with approximately \$69,727,495 invested in a broad range of capital assets. Crawford County excludes any assets under \$5,000. After consideration of accumulated depreciation of \$32,132,194, the government activities capital assets net are \$37,595,301.

Debt

Crawford County has general obligation bonds outstanding as of the end of FY16 totaling \$1,250,000 compared to \$1,380,000 at the end of FY15. Principal payments due during FY17 total \$130,000.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Crawford County's 2010 population increased .9% to 17,096 from the 2000 census. Crawford County's estimated 2015 population decreased to 17,094 from 2010. 25.6% of our population is 18 or under and 17.1% is 65 or older. Our population is 67.6% White and 27.4% Hispanic or Latino origin. Per capita income for the last 12 months was \$23,344 as compared to a state per capita income of \$27,950. Persons below the poverty level in Crawford County was 15.1% of our population compared to a state average of 12.2%. These numbers come from the Crawford County Quick Facts from the US Census Bureau.

Crawford County workers rely heavily on our food service industries to provide employment for their households. As of Aug. 17, 2015, Tyson ceased beef operations permanently. This will reduce jobs to 20, impacting 404 employees. Quality Foods is planning an expansion of a \$20 million dollar project, with an increase of employees of approximately 200.

A total of 93 wind tower are currently producing energy in Crawford County. Anderson's Ethanol plant continues to produce over 60 million gallons of ethanol per year for America's transportation needs.

Crawford County expenditures for all departments for fiscal year ending 2018 are estimated to be \$ 18,402,839. Increases are mostly occurring in the General Basic Fund; and Secondary Road Fund where reimbursable bridge replacement projects are budgeted.

Ending fund balances for fiscal year ending 2017 are re-estimated to be \$1,414,034 lower than actual fiscal year ending 2016. Another \$695,202 is estimated to be taken from ending fund balance for fiscal year ending 2018. The Board will continue to monitor fund balances.

For the past several years Crawford County has seen growth in valuations, allowing levy rates to be reduced.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and creditors with a general overview of Crawford County's finances and show accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Crawford County Auditor's office, 1202 Broadway, Denison, IA 51442, telephone (712)263-3045.

Crawford County
Statement of Net Position
June 30, 2016

	<u>Governmental Activities</u>
Assets	
Cash and pooled investments	\$ 9,057,224
Receivables:	
Property tax:	
Delinquent	13,824
Succeeding year	8,621,000
Interest and penalty on property tax	66,338
Accounts	157,222
Accrued interest	23,113
Due from other funds	44,409
Due from other governments	845,074
Inventories	1,529,328
Prepaid insurance	232,259
Capital assets (net of accumulated depreciation)	<u>37,595,301</u>
Total assets	<u>58,185,092</u>
Deferred Outflows of Resources	
Pension related deferred outflows	<u>1,363,335</u>
Liabilities	
Accounts payable	962,609
Salaries and benefits payable	167,798
Due to other governments	27,206
Long-term liabilities:	
Portion due or payable within one year:	
General obligation bonds	130,000
Compensated absences	618,444
Portion due or payable after one year:	
General obligation bonds	1,120,000
Net pension liability	<u>3,407,083</u>
Total liabilities	<u>6,433,140</u>
Deferred Inflows of Resources	
Unavailable property tax revenue	8,621,000
Pension related deferred inflows	<u>1,037,604</u>
Total deferred inflows of resources	<u>9,658,604</u>

(continued next page)

Crawford County
Statement of Net Position - continued
June 30, 2016

	<u>Governmental Activities</u>
Net Position	
Net investment in capital assets	\$ 36,345,301
Restricted for:	
Mental health purposes	233,006
Rural services purposes	549,173
Secondary roads purposes	2,456,829
Other purposes	1,831,743
Unrestricted	<u>2,040,631</u>
Total net position	<u>\$ 43,456,683</u>

See notes to financial statements.

Crawford County
Statement of Activities
Year ended June 30, 2016

		<u>Program Revenues</u>
	<u>Expenses</u>	<u>Charges for Service</u>
Functions/Programs:		
Governmental activities:		
Public safety and legal services	\$ 2,286,247	\$ 157,094
Physical health and social services	2,392,502	3,110,190
Mental health	689,370	--
County environment and education	1,159,267	164,883
Roads and transportation	8,921,294	103,921
Governmental services to residents	629,592	314,975
Administration	2,919,469	27,098
Interest on long-term debt	<u>24,542</u>	<u>--</u>
Total	<u>\$ 19,022,283</u>	<u>\$ 3,878,161</u>
General Revenues:		
Property and other county tax levied for:		
General purposes		
Penalty and interest on property tax		
State tax credits		
Local option sales tax		
Unrestricted investment earnings		
Miscellaneous		
Total general revenues		
Change in net position		
Net position beginning of year		
Net position end of year		

See notes to financial statements.

<u>Program Revenues</u>		
<u>Operating Grants, Contributions and Restricted Interest</u>	<u>Capital Grants, Contributions and Restricted Interest</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
\$ 64,158	\$ --	\$ (2,064,995)
526,557	--	1,244,245
80,215	--	(609,155)
25,859	--	(968,525)
3,874,325	1,465,348	(3,477,700)
--	--	(314,617)
146,436	--	(2,745,935)
<u>--</u>	<u>--</u>	<u>(24,542)</u>
<u>\$ 4,717,550</u>	<u>\$ 1,465,348</u>	<u>(8,961,224)</u>

7,415,094
 50,659
 558,497
 643,923
 108,942
845
8,777,960
 (183,264)
43,639,947
\$ 43,456,683

Crawford County
Balance Sheet
Governmental Funds

June 30, 2016

		Special Revenue	
	General	Rural Services	Secondary Roads
Assets			
Cash and pooled investments	\$ 5,009,654	\$ 631,613	\$ 1,157,515
Receivables:			
Property tax:			
Delinquent	9,699	2,827	--
Succeeding year	4,907,000	3,061,000	--
Interest and penalty on property tax	66,338	--	--
Accounts	84,047	--	6,270
Accrued interest	23,113	--	--
Due from other funds	43,679	--	--
Due from other governments	276,671	--	568,363
Inventories	--	--	1,529,328
Prepaid insurance	180,036	1,463	50,760
Total assets	\$ 10,600,237	\$ 3,696,903	\$ 3,312,236
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities:			
Accounts payable	\$ 136,020	\$ 43,329	\$ 534,175
Salaries and benefits payable	69,040	5,447	93,085
Due to other governments	16,360	481	10,365
Compensated absences	67,718	496	36,680
Total liabilities	289,138	49,753	674,305
Deferred Inflows of Resources:			
Unavailable revenues:			
Succeeding year property tax	4,907,000	3,061,000	--
Other	76,037	2,827	--
Total deferred inflows of resources	4,983,037	3,063,827	--

(continued next page)

<u>Nonmajor</u>	<u>Total</u>
\$ 716,640	\$ 7,515,422
1,298	13,824
653,000	8,621,000
--	66,338
--	90,317
--	23,113
730	44,409
40	845,074
--	1,529,328
--	232,259
<u>\$ 1,371,708</u>	<u>\$ 18,981,084</u>

\$ --	\$ 713,524
226	167,798
--	27,206
<u>662</u>	<u>105,556</u>
<u>888</u>	<u>1,014,084</u>

653,000	8,621,000
<u>1,298</u>	<u>80,162</u>
<u>654,298</u>	<u>8,701,162</u>

Crawford County
Balance Sheet
Governmental Funds - continued

June 30, 2016

	<u>General</u>	<u>Special Revenue</u>	
		<u>Rural Services</u>	<u>Secondary Roads</u>
Fund balances:			
Nonspendable:			
Inventories	\$ --	\$ --	\$ 1,529,328
Prepaid insurance	180,036	1,463	50,760
Restricted for:			
Mental health purposes	--	--	--
Rural services purposes	--	581,860	--
Secondary roads purposes	--	--	1,057,843
Capital projects	--	--	--
Debt service	--	--	--
Other purposes	--	--	--
Unassigned	<u>5,148,026</u>	<u>--</u>	<u>--</u>
Total fund balances	<u>5,328,062</u>	<u>583,323</u>	<u>2,637,931</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,600,237</u>	<u>\$ 3,696,903</u>	<u>\$ 3,312,236</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ 1,529,328
--	232,259
244,712	244,712
--	581,860
--	1,057,843
10,695	10,695
34,775	34,775
426,340	426,340
--	5,148,026
<u>716,522</u>	<u>9,265,838</u>
 <u>\$ 1,371,708</u>	 <u>\$ 18,981,084</u>

Crawford County

Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Position

June 30, 2016

Total governmental fund balances (page 8)	\$ 9,265,838
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds. The cost of assets is \$69,727,495 and the accumulated depreciation is \$32,132,194.	37,595,301
---	------------

Certain assets are not available to pay for current period expenditures and, therefore, are recognized as deferred inflows in the governmental funds.	80,162
---	--------

The Internal Service Fund is used by management to charge the costs of partial self funding of the County's health insurance benefit plan to individual funds. The assets and liabilities of the Internal Service Fund are included with governmental activities in the statement of net position.	1,359,622
--	-----------

Pension related deferred outflows of resources and deferred inflows of resources are not due and payable in the current year and, therefore, are not reported in the governmental fund, as follows:

Deferred outflows of resources	\$ 1,363,335	
Deferred inflows of resources	<u>(1,037,604)</u>	325,731

Long-term liabilities, including general obligation bonds, compensated absences payable and net pension liability, are not due and payable in the current period and, therefore, are not reported in the governmental funds.	<u>(5,169,971)</u>
--	---------------------

Net position of governmental activities (page 5)	<u>\$ 43,456,683</u>
--	----------------------

See notes to financial statements.

Crawford County
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds

Year ended June 30, 2016

	<u>General</u>	<u>Special Revenue</u> <u>Rural</u> <u>Services</u>	<u>Secondary</u> <u>Roads</u>
Revenues:			
Property and other County tax	\$ 4,722,398	\$ 2,834,248	\$ --
Local option sales tax	64,392	--	579,531
Interest and penalty on property tax	50,659	--	--
Intergovernmental	1,900,674	163,746	4,687,108
Licenses and permits	1,795	--	2,514
Charges for service	825,801	--	--
Use of money and property	94,870	--	--
Miscellaneous	48,184	--	105,862
Total revenues	<u>7,708,773</u>	<u>2,997,994</u>	<u>5,375,015</u>
Expenditures:			
Operating:			
Public safety and legal services	2,108,842	31,500	--
Physical health and social services	2,414,756	--	--
Mental health	--	--	--
County environment and education	753,460	396,263	--
Roads and transportation	--	440,794	6,678,735
Governmental services to residents	630,077	--	--
Administration	1,248,449	--	--
Debt service	--	--	--
Capital projects	63,204	--	1,233,158
Total expenditures	<u>7,218,788</u>	<u>868,557</u>	<u>7,911,893</u>
Excess (deficiency) of revenues over (under) expenditures	<u>489,985</u>	<u>2,129,437</u>	<u>(2,536,878)</u>

(continued next page)

<u>Nonmajor</u>	<u>Total</u>
\$ 147,509	\$ 7,704,155
--	643,923
--	50,659
107,182	6,858,710
--	4,309
20,987	846,788
3,056	97,926
<u>57,150</u>	<u>211,196</u>
<u>335,884</u>	<u>16,417,666</u>
15,947	2,156,289
322	2,415,078
687,398	687,398
18,523	1,168,246
--	7,119,529
1,167	631,244
--	1,248,449
154,542	154,542
<u>117,092</u>	<u>1,413,454</u>
<u>994,991</u>	<u>16,994,229</u>
<u>(659,107)</u>	<u>(576,563)</u>

Crawford County

Statement of Revenues, Expenditures and
Changes in Fund Balances - continued
Governmental Funds

Year ended June 30, 2016

	General	Special Revenue	
		Rural Services	Secondary Roads
Other financing sources (uses):			
Sale of capital assets	\$ 1,000	\$ --	\$ 151,705
Operating transfers in	19,710	--	2,221,000
Operating transfers out	(228,763)	(2,060,000)	--
Total other financing sources (uses)	(208,053)	(2,060,000)	2,372,705
Change in fund balances	281,932	69,437	(164,173)
Fund balances beginning of year	5,046,130	513,886	2,802,104
Fund balances end of year	<u>\$ 5,328,062</u>	<u>\$ 583,323</u>	<u>\$ 2,637,931</u>

See notes to financial statements.

<u>Nonmajor</u>	<u>Total</u>
\$ --	\$ 152,705
67,763	2,308,473
<u>(19,710)</u>	<u>(2,308,473)</u>
<u>48,053</u>	<u>152,705</u>
(611,054)	(423,858)
<u>1,327,576</u>	<u>9,689,696</u>
<u>\$ 716,522</u>	<u>\$ 9,265,838</u>

Crawford County
 Reconciliation of the Statement of Revenues, Expenditures and
 Changes in Fund Balances
 Governmental Funds to the Statement of Activities

Year ended June 30, 2016

Change in fund balances - Total governmental funds (page 11) \$(423,858)

Amounts reported for governmental activities in the statement
 of activities are different because:

Governmental funds report capital outlays as expenditures while
 governmental activities report depreciation expense to allocate
 those expenditures over the life of the assets.

Depreciation expense exceeded capital outlay expenditures and
 contributed capital assets in the current year as follows:

Expenditures for capital assets	\$ 1,754,899	
Capital assets contributed by the Iowa Department of Transportation	648,110	
Depreciation expense	<u>(2,504,742)</u>	(101,733)

Proceeds from issuing long-term liabilities provide current
 financial resources to governmental funds, but issuing debt
 increases long-term liabilities in the Statement of Net Position.
 Repayment of long-term liabilities is an expenditure in the
 governmental funds, but the repayment reduces long-term
 liabilities in the Statement of Net Position. Current year
 repayments exceeded issues, as follows:

Principal paid	130,000
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In the Statements of Activities, the loss on the disposition of capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources	(20,832)
--	-----------

Because some revenues will not be collected for several months after the County's year end, they are not considered available revenues and are recognized as deferred inflows in the governmental funds, as follows: Property tax	(289,061)
--	------------

The current year County employer share of IPERS contributions are reported as expenditures in the governmental funds, but are reported as a deferred outflow of resources in the Statement of Net Position	526,232
--	---------

Some expenses reported in the Statement of Activities do not
 require the use of current financial resources and, therefore,
 are not reported as expenditures in governmental funds, as follows:

Compensated absences	24,108	
Pension expense	<u>(302,035)</u>	(277,927)

The Internal Service Fund is used by management to charge the costs of employee health benefits to individual funds. The net income of the Internal Service Fund is reported with governmental activities.	<u>273,915</u>
--	----------------

Change in net position of governmental activities (page 6)	<u>\$(183,264)</u>
--	---------------------

See notes to financial statements.

Crawford County
Statement of Net Position
Proprietary Fund

June 30, 2016

	Internal Service - Employee Group Health
Assets	
Cash and cash equivalents	\$ 1,541,802
Accounts receivable	<u>66,905</u>
Total assets	1,608,707
Liabilities	
Accounts payable	<u>249,085</u>
Net Position	
Unrestricted	<u>\$ 1,359,622</u>

See notes to financial statements.

Crawford County
Statement of Revenues, Expenses and Changes
in Fund Net Position
Proprietary Fund

Year ended June 30, 2016

		Internal Service - Employee Group Health
Operating revenues:		
Reimbursements from operating funds		\$ 1,706,387
Reimbursements from employees and others		<u>213,028</u>
Total operating revenues		1,919,415
Operating expenses:		
Medical claims	\$ 1,297,689	
Administrative fees and insurance premiums	<u>358,827</u>	<u>1,656,516</u>
Operating income		262,899
Non-operating revenues:		
Interest on investments		<u>11,016</u>
Net income		273,915
Net position beginning of year		<u>1,085,707</u>
Net position end of year		<u>\$ 1,359,622</u>

See notes to financial statements.

Crawford County
Statement of Cash Flows
Proprietary Fund
Year ended June 30, 2016

	Internal Service - Employee Group Health
Cash flows from operating activities:	
Cash received from operating fund reimbursements	\$ 1,652,655
Cash received from employees and others	213,028
Cash payments to suppliers for services	<u>(1,430,745)</u>
Net cash provided by operating activities	434,938
Cash flows from investing activities:	
Interest on investments	<u>11,016</u>
Net increase in cash and cash equivalents	445,954
Cash and cash equivalents at beginning of year	<u>1,095,848</u>
Cash and cash equivalents at end of year	<u><u>\$ 1,541,802</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 262,899
Adjustments to reconcile operating income to net cash provided by operating activities:	
Increase in accounts receivable	(53,732)
Increase in accounts payable	<u>225,771</u>
Net cash provided by operating activities	<u><u>\$ 434,938</u></u>

See notes to financial statements.

Crawford County
Statement of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

Assets

Cash and pooled investments:	
County Treasurer	\$ 1,481,128
Other County officials	49,844
Receivables:	
Property tax:	
Delinquent	164,145
Succeeding year	20,125,000
Accounts	9,927
Special assessments	131,600
Due from other funds	240
Due from other governments	185,564
Total assets	<u>22,147,448</u>

Liabilities

Accounts payable	30,052
Salaries and benefits payable	7,908
Due to other funds	44,649
Due to other governments	22,044,695
Trusts payable	15,888
Compensated absences	4,256
Total liabilities	<u>22,147,448</u>

Net position	<u>\$ --</u>
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See notes to financial statements.

Crawford County
Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Crawford County is a political subdivision of the State of Iowa and operates under the Home Rule provisions of the Constitution of Iowa. The County operates under the Board of Supervisors form of government. Elections are on a partisan basis. Other elected officials operate independently with the Board of Supervisors. These officials are the Auditor, Treasurer, Recorder, Sheriff, and Attorney. The County provides numerous services to citizens, including law enforcement, health and social services, parks and cultural activities, planning and zoning, roadway construction and maintenance and general administrative services.

The County's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Crawford County has included all funds, organizations, agencies, boards, commissions and authorities. The County has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the County's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the County to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the County.

These financial statements present Crawford County (the primary government) and its component units. The component units discussed below are included in the County's reporting entity because of the significance of their operational or financial relationships with the County.

Blended Component Units - The following component units are entities which are legally separate from the County, but are so intertwined with the County they are, in substance, the same as the County. They are reported as part of the County and blended into the appropriate funds.

Nine drainage districts have been established pursuant to Chapter 468 of the Code of Iowa for the drainage of surface waters from agricultural and other lands or the protection of such lands from overflow. Although these districts are legally separate from the County, they are controlled, managed and supervised by the Crawford County Board of Supervisors. The drainage districts are reported as a Special Revenue Fund. Financial information of the individual drainage districts can be obtained from the Crawford County Auditor's office.

Crawford County
Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Related Organizations - The County Board of Supervisors are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Board of Supervisors appoint three of the five members to the board of the Crawford County Area Solid Waste Agency Commission. An audit of this Commission is performed and filed under separate cover. Financial transactions of this organization are included in the County's financial statements only to the extent of the County's fiduciary relationship with the Commission and, as such, are reported in an Agency Fund of the County.

Jointly Governed Organizations - The County also participates in several jointly governed organizations that provide goods or services to the citizenry of the County but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The County Board of Supervisors are members of or appoint representatives to the following boards and commissions: Crawford County Assessor's Conference Board, Crawford County Joint E911 Service Board and Crawford County Emergency Management Services Commission. Financial transactions of these organizations are included in the County's financial statements only to the extent of the County's fiduciary relationship with the organization and, as such, are reported in Agency Funds of the County.

B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities report information on all of the nonfiduciary activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by property tax, intergovernmental revenues and other nonexchange transactions.

The Statement of Net Position presents the County's nonfiduciary assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or are imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds.

The County reports the following major governmental funds:

The General Fund is the general operating fund of the County. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue:

The Rural Services Fund is used to account for property tax and other revenues to provide services which are primarily intended to benefit those persons residing in the county outside of incorporated city areas.

The Secondary Roads Fund is used to account for the road use tax allocation from the State of Iowa, required transfers from the General Fund and the Special Revenue, Rural Services Fund and other revenues to be used for secondary road construction and maintenance.

Additionally, the County reports the following funds:

Proprietary Fund - An Internal Service Fund is utilized to account for the financing of goods or services purchased by one department of the County and provided to other departments or agencies on a cost reimbursement basis.

Fiduciary Funds - Agency Funds are used to account for assets held by the County as an agent for individuals, private organizations, certain jointly governed organizations, other governmental units and/or other funds.

Crawford County
Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

C. Measurement Focus and Basis of Accounting

The government-wide, proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest are considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recorded as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the County's policy is to pay the expenditure from restricted fund balance and then from less-restrictive classifications - committed, assigned and then unassigned fund balances.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's Internal Service Fund are charges to customers for sales and services. Operating expenses for the Internal Service Fund include the cost of services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Crawford County
Notes to Financial Statements

June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

The County maintains its financial records on the cash basis. The financial statements of the County are prepared by making memorandum adjusting entries to the cash basis financial records.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Cash Equivalents and Pooled Investments - The cash balances of most County funds are pooled and invested. Interest earned on investments is recorded in the General Fund unless otherwise provided by law. Investments are stated at fair value except for the investment in the Iowa Public Agency Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date the tax asking is certified by the County Board of Supervisors. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Supervisors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Supervisors is required to certify its budget in March of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2014 assessed property valuations; is for the tax accrual period July 1, 2015 through June 30, 2016 and reflects the tax asking contained in the budget certified by the County Board of Supervisors in March, 2015.

Interest and Penalty on Property Tax Receivable - Interest and penalty on property tax receivable represents the amount of interest and penalty that was due and payable but has not been collected.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Due from and Due to Other Funds - During the course of its operations, the County has numerous transactions between funds. To the extent that certain transactions between funds had not been paid or received as of June 30, 2016, balances of interfund amounts receivable or payable have been recorded in the fund financial statements.

Due from Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Capital Assets - Capital assets, which include property, equipment and vehicles and infrastructure assets acquired after July 1, 1980 (e.g., roads, bridges, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the County), are reported in the governmental activities column in the government-wide Statement of Net Position. Capital assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. Acquisition value is the price that would have been paid to acquire a capital asset with equivalent service potential. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the County as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Infrastructure	\$ 50,000
Land, buildings and improvements	25,000
Intangibles	25,000
Equipment and vehicles	5,000

Capital assets of the County are depreciated/amortized using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	40 - 50
Building improvements	20 - 50
Infrastructure	30 - 50
Intangibles	5 - 20
Equipment	2 - 20
Vehicles	3 - 10

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Outflows of Resources - Deferred outflows of resources represent a consumption of net position applicable to future years which will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension expense and contributions from the County after the measurement date but before the end of the County's reporting period.

Due to Other Governments - Due to other governments represents taxes and other revenues collected by the County and payments for services which will be remitted to other governments.

Trusts Payable - Trusts payable represents amounts due to others which are held by various County officials in fiduciary capacities until the underlying legal matters are resolved.

Compensated Absences - County employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide, proprietary fund and fiduciary fund financial statements. A liability for these amounts is reported in governmental fund financial statements only for amounts paid to employees within sixty days after year end. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2016. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund, and the Special Revenue, Mental Health, Rural Services and Secondary Roads Funds.

Long-Term Liabilities - In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund Statement of Net Position.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments, including refunds of employee contributions, are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Inflows of Resources - Deferred inflows of resources represents an acquisition of net position applicable to future years which will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Available means collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources in the governmental fund financial statements represent the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current year or expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Deferred inflows of resources consist of property tax receivable and other receivables not collected within sixty days after year end.

Deferred inflows of resources in the Statement of Net Position consist of succeeding year property tax receivables that will not be recognized until the year for which it is levied and the unamortized portion of the net difference between projected and actual earnings on IPERS' investments.

Fund Equity - In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable - Amounts which cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted - Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Committed - Amounts which can be used only for specific purposes pursuant to constraints formally imposed by the Board of Supervisors through ordinance or resolution approved prior to year end. Committed amounts cannot be used for any other purpose unless the Board of Supervisors removes or changes the specified use by taking the same action it employed to commit those amounts.

Assigned - Amounts the Board of Supervisors intend to use for specific purposes.

Unassigned - All amounts not included in the preceding classifications.

Net Position - The net position of the Internal Service, Employee Group Health Fund is designated for anticipated future catastrophic losses of the County.

E. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information.

Crawford County
Notes to Financial Statements

June 30, 2016

NOTE 2 - CASH AND POOLED INVESTMENTS

The County's deposits in banks at June 30, 2016 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

The County is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Supervisors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The County had investments in the Iowa Public Agency Investment Trust which are valued at an amortized cost of \$64,466 pursuant to Rule 2a-7 under the Investment Company Act of 1940. There were no limitations or restrictions on withdrawals for the IPAIT investments. The County's investment in IPAIT is unrated.

The County had no other investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 72.

Interest rate risk. The County's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the County.

Credit risk. The investment in Iowa Public Agency Investment Trust is unrated.

Concentration of credit risk. The County places no limit on the amount that may be invested in any one issuer.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 3 - DUE FROM AND DUE TO OTHER FUNDS

The detail of interfund receivables and payables at June 30, 2016 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency:	
	County Sheriff	\$ 1,093
	County Recorder	27,064
	Auto License and Use Tax	<u>15,522</u>
		43,679
Special Revenue:	Agency:	
County Recorder's Records Management	County Recorder	730
Agency:	Agency:	
County Recorder's Electronic Transfer Fee	County Recorder	<u>240</u>
Total		<u>\$ 44,649</u>

These balances result from the time lag between the dates interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system and payments between funds are made.

NOTE 4 - INTERFUND TRANSFERS

The detail of interfund transfers for the year ended June 30, 2016 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
General	Special Revenue:	
	HCCMS Family Planning	\$ 19,710
Special Revenue:	General	38,061
HCCMS Family Planning		
Special Revenue:	General	161,000
Secondary Roads	Special Revenue:	
	Rural Services	<u>2,060,000</u>
		2,221,000
Special Revenue:	General	171
K9		
Capital Projects	General	<u>29,531</u>
Total		<u>\$ 2,308,473</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 625,990	\$ --	\$ --	\$ 625,990
Construction in progress	715,684	2,255,611	510,898	2,460,397
Total capital assets not being depreciated/ amortized	<u>1,341,674</u>	<u>2,255,611</u>	<u>510,898</u>	<u>3,086,387</u>
Capital assets being depreciated/amortized:				
Buildings	4,930,825	--	--	4,930,825
Equipment and vehicles	11,815,188	147,398	460,812	11,501,774
Infrastructure, road network	49,697,611	510,898	--	50,208,509
Total capital assets being depreciated/amortized	<u>66,443,624</u>	<u>658,296</u>	<u>460,812</u>	<u>66,641,108</u>
Less accumulated depreciation/ amortization for:				
Buildings	1,625,883	119,340	--	1,745,223
Equipment and vehicles	7,176,459	959,127	439,980	7,695,606
Infrastructure, road network	21,265,090	1,426,275	--	22,691,365
Total accumulated depreciation/amortization	<u>30,067,432</u>	<u>2,504,742</u>	<u>439,980</u>	<u>32,132,194</u>
Total capital assets being depreciated/amortized, net	<u>36,376,192</u>	<u>(1,846,446)</u>	<u>20,832</u>	<u>34,508,914</u>
Governmental activities capital assets, net	<u>\$ 37,717,866</u>	<u>\$ 409,165</u>	<u>\$531,730</u>	<u>\$ 37,595,301</u>

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 5 - CAPITAL ASSETS - continued

Depreciation/amortization expense was charged to the following functions:

Governmental activities:	
Public safety and legal services	\$ 117,274
County environment and education	41,547
Roads and transportation	2,289,117
Administrative services	<u>56,804</u>

Total depreciation expense - governmental activities	<u>\$2,504,742</u>
--	--------------------

NOTE 6 - DUE TO OTHER GOVERNMENTS

The County purchases services from other governmental units and also acts as a fee and tax collection agent for various governmental units. Tax collections are remitted to those governments in the month following collection. A summary of amounts due to other governments at June 30, 2016 is as follows:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Services	\$ 16,360
Special Revenue:		
Rural Services		481
Secondary Roads		<u>10,365</u>
		<u>10,846</u>
Total for governmental funds		<u>\$ 27,206</u>
Agency:		
County Assessor	Collections	\$ 738,747
Schools		12,585,269
Community Colleges		777,441
Corporations		4,481,799
Townships		474,931
Auto License and Use Tax		430,592
County Hospital		1,531,964
E-911		348,325
All Other		<u>675,627</u>
Total for agency funds		<u>\$ 22,044,695</u>

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 7 - LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2016 is as follows:

	General Obligation Bonds	Compensated Absences	Net Pension Liability	Total
Balance beginning of year	\$ 1,380,000	\$ 633,426	\$ 2,616,718	\$ 4,630,144
Increases	--	--	790,365	790,365
Decreases	<u>130,000</u>	<u>14,982</u>	--	<u>144,982</u>
Balance end of year	<u>\$ 1,250,000</u>	<u>\$ 618,444</u>	<u>\$ 3,407,083</u>	<u>\$ 5,275,527</u>
Due within one year	<u>\$ 130,000</u>	<u>\$ 618,444</u>	<u>--</u>	<u>\$ 748,444</u>

Bonds Payable

A summary of the County's June 30, 2016 general obligation bonded indebtedness is as follows:

June 30,	Rates	Principal	Interest	Total
2017	1.20 %	\$ 130,000	\$ 22,742	\$ 152,742
2018	1.30	135,000	21,182	156,182
2019	1.50	135,000	19,428	154,428
2020	1.75	135,000	17,402	152,402
2021	1.90	140,000	15,040	155,040
2022-2025	2.00 - 2.30	<u>575,000</u>	<u>32,050</u>	<u>607,050</u>
		<u>\$ 1,250,000</u>	<u>\$ 127,844</u>	<u>\$ 1,377,844</u>

During the year ended June 30, 2016, the County retired \$130,000 of bonds.

Crawford County

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the County, except for those covered by another retirement system. Employees of the County are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by the Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at 7401 Register Drive P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

Pension Benefits - A regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, anytime after reaching age 62 with 20 or more years of covered employment or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except for members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

Sheriffs, deputies and protection occupation members may retire at normal retirement age, which is generally age 55. Sheriffs, deputies and protection occupation members may retire anytime after reaching age 50 with 22 or more years of covered employment.

The formula used to calculate a sheriff's, deputy's or protection occupation member's monthly IPERS benefit includes:

- 60% of average salary after completion of 22 years of service, plus an additional 1.5% of average salary for more than 22 years of service but not more than 30 years of service.
- The member's highest three-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month the member receives benefits before age 65.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 8 - PENSION PLAN - Continued

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll, based on the Actuarial Amortization Method adopted by the Investment Board.

In fiscal year 2016, pursuant to the required rate, Regular members contributed 5.95% of covered payroll and the County contributed 8.93% of covered payroll, for a total rate of 14.88%. The Sheriff, deputies and the County each contributed 9.88% of covered payroll, for a total rate of 19.76%. Protection occupation members contributed 6.56% of covered payroll and the County contributed 9.84% of covered payroll, for a total rate of 16.40%.

The County's contributions to IPERS for the year ended June 30, 2016 were \$526,232.

Crawford County

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLAN - Continued

Net Pension Liability, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - At June 30, 2016, the County reported a liability of \$3,407,083 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The County's proportion of the net pension liability was based on the County's share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2015, the County's proportion was 0.068963%, which was an increase of 0.002983% from its proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the County recognized pension expense of \$302,035. At June 30, 2016, the County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Total - All Groups	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 51,011	\$ 23,230
Changes of assumptions	92,958	18,962
Net difference between projected and actual earnings on pension plan investments	625,848	968,924
Changes in proportion and differences between County contributions and proportionate share of contributions	67,286	26,488
County contributions subsequent to the measurement date	526,232	--
	<u>\$ 1,363,335</u>	<u>\$ 1,037,604</u>

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 8 - PENSION PLAN - Continued

The \$526,232, reported as deferred outflows of resources related to pensions resulting from County contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30,</u>	<u>Total</u>
2017	\$(127,594)
2018	(127,594)
2019	(127,594)
2020	178,327
2021	<u>3,954</u>
	<u>\$(200,501)</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement as follows:

Rate of inflation (effective June 30, 2014)	3.00% per annum.
Rates of salary increase (effective June 30, 2010)	4.00% to 17.00% average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 1996)	7.50% compounded annually, net of investment expense, including inflation.
Wage growth (effective June 30, 1990)	4.00% per annum, based on 3.00% inflation and 1.00% real wage inflation.

The actuarial assumptions used in the June 30, 2015 valuation were based on the results of actuarial experience studies with dates corresponding to those listed above.

Mortality rates were based on the RP-2000 Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 8 - PENSION PLAN - Continued

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Core plus fixed income	28%	2.04%
Domestic equity	24	6.29
International equity	16	6.75
Private equity/debt	11	11.32
Real estate	8	3.48
Credit opportunities	5	3.63
U.S. TIPS	5	1.91
Other Real Assets	2	6.24
Cash	1	(0.71)
Total	<u>100%</u>	

Discount Rate - The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and contributions from the County will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments to current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the County's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the County's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the County's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.5%) or 1% higher (8.5%) than the current rate.

	<u>1% Decrease (6.5%)</u>	<u>Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
County's proportionate share of the net pension liability	\$ 6,494,983	\$ 3,407,083	\$ 802,697

Crawford County

Notes to Financial Statements

June 30, 2016

NOTE 8 - PENSION PLAN - Continued

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

Payables to IPERS - All legally required County contributions and legally required employee contributions which had been withheld from employee wages were remitted by the County to IPERS by June 30, 2016.

NOTE 9 - RISK MANAGEMENT

Crawford County is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 331.301 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 746 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level determined by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The County's property and casualty contributions to the risk pool are recorded as expenditures from its operating funds at the time of payment to the risk pool. The County's contributions to the Pool for the year ended June 30, 2016 were approximately \$125,300.

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$350,000 per claim. Claims exceeding \$350,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the Members' risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the County's risk-sharing certificate.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 9 - RISK MANAGEMENT - Continued

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims or losses shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The County does not report a liability for losses in excess of reinsurance or excess risk-sharing recoveries unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2016, no liability has been recorded in the County's financial statements. As of June 30, 2016, settled claims have not exceeded the risk pool or reinsurance coverage since the pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the withdrawing member.

The County also carries commercial insurance purchased from other insurers for coverage associated with workers compensation and employee blanket bond. The County assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN

The Internal Service, Employee Group Health Fund was established to account for the partial self-funding of the County's health insurance benefit plan. The plan is funded by both employee and County contributions and is administered through a service agreement with Wellmark. The agreement is subject to automatic renewal provisions. The County assumes liability for claims up to the individual stop loss limitation of \$35,000. Claims in excess of coverage are insured through purchase of stop loss insurance.

Monthly payments of service fees and plan contributions to the Employee Group Health Fund are recorded as expenditures from the operating funds. Under the administrative services agreement, monthly payments of service fees and claims processed are paid to Wellmark from the Employee Group Health Fund. The County's contribution for the year ended June 30, 2016 was \$1,706,387.

Crawford County
Notes to Financial Statements
June 30, 2016

NOTE 10 - EMPLOYEE HEALTH INSURANCE PLAN - Continued

Accounts payable from the Employee Group Health Fund at June 30, 2016 total \$249,085, which is for incurred but not reported (IBNR) and reported but not paid claims. The amounts are based on actuarial estimates of the amounts necessary to pay prior-year and current-year claims and to establish a reserve for catastrophic losses. That reserve was \$1,359,622 at June 30, 2016 and is reported as net position of the Internal Service, Employee Group Health Fund. A liability has been established based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires a liability for claims be reported if information prior to the issuance of the financial statements indicates it is probable a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. Settlements have not exceeded the stop-loss coverage in any of the past three years. A reconciliation of changes in the aggregate liability for claims for the current year is as follows:

Estimated unpaid claims beginning of year	\$ 23,314
Incurred claims (including claims incurred but not reported at June 30, 2016)	1,297,689
Total payments	<u>(1,071,918)</u>
Estimated unpaid claims end of year	<u>\$ 249,085</u>

NOTE 11 - OTHER POST EMPLOYMENT BENEFITS (OPEB)

Plan Description: The County operates a single-employer health benefit plan which provides medical, prescription drug, dental, and vision benefits for employees, retirees, and their spouses. There are 104 active and 0 retired members in the plan. Retired participants must be age 55 or older at retirement.

The medical, prescription drug, dental, and vision benefits are provided through a self-insured plan administered by Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy: The contribution requirements of plan members are established and may be amended by the County. The County currently finances the benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the County and plan members are \$700 for single coverage and \$1,500 for family coverage. For the year ended June 30, 2016, the County contributed \$1,706,387 and plan members eligible for benefits contributed \$203,600 to the plan.

Net OPEB Obligation: Management of the County considers any OPEB obligation, which may exist, to be immaterial. Therefore, no OPEB liability has been recorded in these financial statements.

Crawford County

Notes to Financial Statements

June 30, 2016

NOTE 12 - COMMITMENTS AND CONTINGENCIES

Construction

The County has entered into several contracts totaling approximately \$8,256,917 for highway resurfacing and bridge repairs to be completed during fiscal year 2017. The projects will be financed with internally generated funds, and the County's farm to market fund.

Subsequent Events

The County has evaluated all subsequent events through March 6, 2017, the date the financial statements were available to be issued.

NOTE 13 - CRAWFORD COUNTY FINANCIAL INFORMATION INCLUDED IN THE
ROLLING HILLS COMMUNITY SERVICES REGION

Rolling Hills Community Services Region, a jointly governed organization formed pursuant to the provisions of Chapter 28E of the Code of Iowa which became effective July 10, 2014, includes the following member counties: Buena Vista, Calhoun, Carroll, Ida, Sac, Cherokee, and Crawford. The financial activity of Crawford County's Special Revenue, Mental Health Fund is included in the Rolling Hills Community Services Region for the year ended June 30, 2016 as follows:

Revenues:

Intergovernmental revenues:

Reimbursement from fiscal agent	\$	78,170	
Social services block grant		<u>2,045</u>	\$ <u>80,215</u>

Total revenues			<u>80,215</u>
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Expenditures:

General administration:

Direct administration		75,163	
Distribution to regional fiscal agent		<u>612,235</u>	<u>687,398</u>

Total expenditures			<u>687,398</u>
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Excess of expenditures over revenues			(607,183)
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Fund balance beginning of the year			<u>851,895</u>
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Fund balance end of the year			<u>\$ 244,712</u>
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Crawford County
Notes to Financial Statements

June 30, 2016

NOTE 13 - CRAWFORD COUNTY FINANCIAL INFORMATION INCLUDED IN THE
ROLLING HILLS COMMUNITY SERVICES REGION - Continued

	<u>Mental Health</u>
Assets	
Cash and pooled investments	\$ 245,600
Receivables:	
Property Tax:	
Delinquent	987
Succeeding year	<u>500,000</u>
Total assets	<u>\$ 746,587</u>
Liabilities, Deferred Inflows of Resources, and Fund Balance	
Liabilities:	
Salaries and benefits payable	\$ 226
Compensated absences	<u>662</u>
Total liabilities	<u>888</u>
Deferred Inflows of Resources:	
Unavailable Revenues:	
Succeeding year property tax	500,000
Other	<u>987</u>
Total deferred inflows of resources	<u>500,987</u>
Fund Balance:	
Restricted for:	
Mental Health purposes	<u>244,712</u>
Total fund balance	<u>244,712</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 746,587</u>

* * *

REQUIRED SUPPLEMENTARY INFORMATION

Crawford County

Budgetary Comparison Schedule of Receipts, Disbursements and
Changes in Balances - Budget and Actual (Cash Basis)

All Governmental Funds
Required Supplementary Information

Year ended June 30, 2016

	<u>Actual</u>	<u>Less Funds not Required to be Budgeted</u>	<u>Net</u>
Receipts:			
Property and other County tax	\$ 8,347,033	\$ --	\$ 8,347,033
Interest and penalty on property tax	50,908	--	50,908
Intergovernmental	7,162,558	--	7,162,558
Licenses and permits	4,309	--	4,309
Charges for service	775,622	--	775,622
Use of money and property	86,005	--	86,005
Miscellaneous	211,129	--	211,129
Total receipts	<u>16,637,564</u>	<u>--</u>	<u>16,637,564</u>
Disbursements:			
Public safety and legal services	2,177,337	--	2,177,337
Physical health and social services	2,481,855	--	2,481,855
Mental health	689,545	--	689,545
County environment and education	1,173,096	--	1,173,096
Roads and transportation	7,934,155	--	7,934,155
Governmental services to residents	634,653	--	634,653
Administration	1,305,619	--	1,305,619
Debt service	154,543	--	154,543
Capital projects	1,395,031	--	1,395,031
Total disbursements	<u>17,945,834</u>	<u>--</u>	<u>17,945,834</u>
Excess (deficiency) of receipts over (under) disbursements	(1,308,270)	--	(1,308,270)
Other financing sources, net	<u>152,705</u>	<u>--</u>	<u>152,705</u>
Excess (deficiency) of receipts and other financing sources over (under) disbursements and other financing uses	(1,155,565)	--	(1,155,565)
Balance beginning of year	<u>8,670,987</u>	<u>12,864</u>	<u>8,658,123</u>
Balance end of year	<u>\$ 7,515,422</u>	<u>\$ 12,864</u>	<u>\$ 7,502,558</u>

See accompanying independent auditor's report.

Budgeted Amounts		Final to Net Variance
Original	Final	
\$ 8,398,874	\$ 8,398,874	\$ (51,841)
48,000	48,000	2,908
7,367,567	7,540,162	(377,604)
3,500	3,500	809
792,334	814,534	(38,912)
112,816	120,296	(34,291)
134,097	134,097	77,032
<u>16,857,188</u>	<u>17,059,463</u>	<u>(421,899)</u>
2,172,343	2,251,343	74,006
3,005,486	3,018,486	536,631
688,661	690,706	1,161
1,185,817	1,207,272	34,176
7,329,625	8,350,886	416,731
654,283	712,883	78,230
1,376,007	1,399,007	93,388
154,550	154,550	7
980,075	1,518,546	123,515
<u>17,546,847</u>	<u>19,303,679</u>	<u>1,357,845</u>
(689,659)	(2,244,216)	935,946
<u>226,500</u>	<u>226,500</u>	<u>(73,795)</u>
(463,159)	(2,017,716)	862,151
<u>7,352,146</u>	<u>8,658,123</u>	<u>--</u>
<u>\$ 6,888,987</u>	<u>\$ 6,640,407</u>	<u>\$ 862,151</u>

Crawford County
 Budgetary Comparison Schedule -Budget to GAAP Reconciliation
 Required Supplementary Information
 Year ended June 30, 2016

	Governmental Fund Types		
	Cash Basis	Accrual Adjustments	Modified Accrual Basis
Revenues	\$ 16,637,564	\$ (219,898)	\$ 16,417,666
Expenditures	<u>17,945,834</u>	<u>(951,605)</u>	<u>16,994,229</u>
Net	(1,308,270)	731,707	(576,563)
Other financing sources, net	152,705	--	152,705
Beginning fund balances	<u>8,670,987</u>	<u>1,018,709</u>	<u>9,689,696</u>
Ending fund balances	<u>\$ 7,515,422</u>	<u>\$ 1,750,416</u>	<u>\$ 9,265,838</u>

See accompanying independent auditor's report.

Crawford County

Notes to Required Supplementary Information - Budgetary Reporting

June 30, 2016

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the County Board of Supervisors annually adopts a budget on the cash basis following required public notice and hearing for all funds except blended component units, the Internal Service Fund, and Agency Funds, and appropriates the amount deemed necessary for each of the different County offices and departments. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Encumbrances are not recognized on the cash basis budget and appropriations lapse at year end.

Formal and legal budgetary control is based upon ten major classes of expenditures known as functions, not by fund. These ten functions are: public safety and legal services, physical health and social services, mental health, county environment and education, roads and transportation, governmental services to residents, administration, non-program, debt service and capital projects. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund and the Capital Projects Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. Legal budgetary control is also based upon the appropriation to each office or department. During the year, three budget amendments increased budgeted disbursements by \$1,756,832. The budget amendments are reflected in the final budgeted amounts.

In addition, annual budgets are similarly adopted in accordance with the Code of Iowa by the appropriate governing body as indicated: for the County Extension Office by the County Agricultural Extension Council, for the County Assessor by the County Conference Board, for the E911 System by the Joint E911 Service Board and for Emergency Management Services by the County Emergency Management Commission.

Crawford County

Schedule of the County's Proportionate Share of the Net Pension Liability

Iowa Public Employees' Retirement System
For the Last Two Years*

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
County's collective proportion of the net pension liability (asset)	0.068963%	0.065980%
County's collective proportionate share of the net pension liability	\$ 3,407,000	\$ 2,617,000
County's covered-employee payroll	\$ 5,508,000	\$ 5,316,000
County's proportionate share of the net pension liability as a percentage of its covered-employee payroll	61.86%	49.23%
IPERS' net position as a percentage of the total pension liability	85.19%	87.61%

* In accordance with GASB Statement No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available. Amounts reported are rounded.

See accompanying independent auditor's report.

Crawford County
Schedule of County Contributions
Iowa Public Employees' Retirement System
Last 5 Fiscal Years

Required Supplementary Information

	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$ 526,000	\$ 500,000
Contributions in relation to the statutorily required contribution	<u>(526,000)</u>	<u>(500,000)</u>
Contribution deficiency (excess)	<u>\$ --</u>	<u>\$ --</u>
County's covered-employee payroll	\$ 5,803,000	\$ 5,508,000
Contributions as a percentage of covered-employee payroll	9.06%	9.08%

Note: GASB Statement No. 68 requires ten years of information to be presented in this table. However, until a full 10-year trend is compiled, the County will present information for those years for which information is available. Amounts reported are rounded.

See accompanying independent auditor's report.

<u>2014</u>	<u>2013</u>	<u>2012</u>
\$ 484,000	\$ 458,000	\$ 423,000
<u>(484,000)</u>	<u>(458,000)</u>	<u>(423,000)</u>
<u>\$ --</u>	<u>\$ --</u>	<u>\$ --</u>
\$ 5,316,000	\$ 5,149,000	\$ 5,063,000
9.10%	8.89%	8.35%

Crawford County

Notes to Required Supplementary Information - Pension Liability

Year Ended June 30, 2016

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Legislative action in 2008 transferred four groups - emergency medical service providers, county jailers, county attorney investigators and National Guard installation security officers - from Regular membership to the protection occupation group for future service only.

Changes of assumptions:

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%.
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30 year amortization period to a closed 30 year amortization period for the UAL beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20 year period.

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates.
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

The 2007 valuation adjusted the application of the entry age normal cost method to better match projected contributions to the projected salary stream in future years. It also included the one-year lag between the valuation date and the effective date of the annual actuarial contribution rate in the calculation of the UAL amortization payments.

* * *

See accompanying independent auditor's report.

SUPPLEMENTARY INFORMATION

Crawford County
Combining Balance Sheet
Nonmajor Governmental Funds

June 30, 2016

	Special Revenue			
	County Recorder's Records Management	Mental Health	Recorder's Electronic Transaction Fee	Conservation Land Acquisition Trust
Assets				
Cash and pooled investments	\$ 21,747	\$ 245,600	\$ 832	\$ 163
Receivables:				
Property tax:				
Delinquent	--	987	--	--
Succeeding year	--	500,000	--	--
Due from other funds	730	--	--	--
Due from other governments	--	--	--	--
Total assets	<u>\$ 22,477</u>	<u>\$ 746,587</u>	<u>\$ 832</u>	<u>\$ 163</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Salaries and benefits payable	\$ --	\$ 226	\$ --	\$ --
Compensated absences	--	662	--	--
Total liabilities	<u>--</u>	<u>888</u>	<u>--</u>	<u>--</u>
Deferred inflows of resources:				
Unavailable revenues:				
Succeeding year property tax	--	500,000	--	--
Other	--	987	--	--
	<u>--</u>	<u>500,987</u>	<u>--</u>	<u>--</u>
Fund balances:				
Restricted for:				
Mental health purposes	--	244,712	--	--
Capital projects	--	--	--	--
Debt service	--	--	--	--
Other purposes	22,477	--	832	163
Total fund balances	<u>22,477</u>	<u>244,712</u>	<u>832</u>	<u>163</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 22,477</u>	<u>\$ 746,587</u>	<u>\$ 832</u>	<u>\$ 163</u>

(continued next page)

Special Revenue					
Conservation Trust	Resource Enhancement and Protection	Law Enforcement Forfeiture	County Attorney Forfeiture	Sheriff Forfeiture	Flood and Erosion
\$ 8,964	\$ 34,955	\$ 24,938	\$ 1,702	\$ 3,309	\$ 69,550
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	40	--
<u>\$ 8,964</u>	<u>\$ 34,955</u>	<u>\$ 24,938</u>	<u>\$ 1,702</u>	<u>\$ 3,349</u>	<u>\$ 69,550</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
8,964	34,955	24,938	1,702	3,349	69,550
<u>8,964</u>	<u>34,955</u>	<u>24,938</u>	<u>1,702</u>	<u>3,349</u>	<u>69,550</u>
<u>\$ 8,964</u>	<u>\$ 34,955</u>	<u>\$ 24,938</u>	<u>\$ 1,702</u>	<u>\$ 3,349</u>	<u>\$ 69,550</u>

Crawford County
Combining Balance Sheet - Continued
Nonmajor Governmental Funds

June 30, 2016

	Special Revenue		
	Drainage Districts	Cabin Fund	Supplemental Environment Projects
Assets			
Cash and pooled investments	\$ 12,864	\$ 36,066	\$ 60
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Total assets	<u>\$ 12,864</u>	<u>\$ 36,066</u>	<u>\$ 60</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances			
Liabilities:			
Salaries and benefits payable	\$ --	\$ --	\$ --
Compensated absences	--	--	--
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>
Deferred inflows of resources:			
Unavailable revenues:			
Succeeding year property tax	--	--	--
Other	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>
Fund balances:			
Restricted for:			
Mental health purposes	--	--	--
Capital projects	--	--	--
Debt service	--	--	--
Other purposes	12,864	36,066	60
Total fund balances	<u>12,864</u>	<u>36,066</u>	<u>60</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 12,864</u>	<u>\$ 36,066</u>	<u>\$ 60</u>

(continued next page)

Special Revenue					
Juvenile Court Division	Baby Boutique	K9	HCCMS Family Planning	Tower Maintenance	Capital Projects
\$ --	\$ 2,288	\$ --	\$ 173,816	\$ 34,316	\$ 10,695
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ --</u>	<u>\$ 2,288</u>	<u>\$ --</u>	<u>\$ 173,816</u>	<u>\$ 34,316</u>	<u>\$ 10,695</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	2,288	--	173,816	34,316	--
--	2,288	--	173,816	34,316	10,695
<u>\$ --</u>	<u>\$ 2,288</u>	<u>\$ --</u>	<u>\$ 173,816</u>	<u>\$ 34,316</u>	<u>\$ 10,695</u>

Crawford County
Combining Balance Sheet - Continued
Nonmajor Governmental Funds

June 30, 2016

	<u>Debt Service</u>	<u>Total</u>
Assets		
Cash and pooled investments	\$ 34,775	\$ 716,640
Receivables:		
Property tax:		
Delinquent	311	1,298
Succeeding year	153,000	653,000
Due from other funds	--	730
Due from other governments	--	40
	<u> </u>	<u> </u>
Total assets	<u>\$ 188,086</u>	<u>\$ 1,371,708</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances		
Liabilities:		
Salaries and benefits payable	\$ --	\$ 226
Compensated absences	--	662
	<u> </u>	<u> </u>
Total liabilities	<u> </u>	<u>888</u>
Deferred inflows of resources:		
Unavailable revenues:		
Succeeding year property tax	153,000	653,000
Other	311	1,298
	<u>153,311</u>	<u>654,298</u>
Fund balances:		
Restricted for:		
Mental health purposes	--	244,712
Capital projects	--	10,695
Debt service	34,775	34,775
Other purposes	--	426,340
Total fund balances	<u>34,775</u>	<u>716,522</u>
	<u> </u>	<u> </u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 188,086</u>	<u>\$ 1,371,708</u>

See accompanying independent auditor's report.

Crawford County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances
Nonmajor Governmental Funds

Year ended June 30, 2016

	Special Revenue			
	County Recorder's Records Management	Mental Health	Recorder's Electronic Transaction Fee	Conservation Land Acquisition Trust
Revenues:				
Property and other County tax	\$ --	\$ --	\$ --	\$ --
Intergovernmental	--	80,215	--	--
Charges for service	2,699	--	--	--
Use of money and property	35	--	7	1
Miscellaneous	--	--	--	--
Total revenues	<u>2,734</u>	<u>80,215</u>	<u>7</u>	<u>1</u>
Expenditures:				
Operating:				
Public safety and legal services	--	--	--	--
Physical health and social services	--	--	--	--
Mental health	--	687,398	--	--
County environment and education	--	--	--	--
Governmental services to residents	1,167	--	--	--
Debt service	--	--	--	--
Capital projects	--	--	--	--
Total expenditures	<u>1,167</u>	<u>687,398</u>	<u>--</u>	<u>--</u>
Excess (deficiency) of revenues over (under) expenditures	1,567	(607,183)	7	1
Other financing sources (uses):				
Operating transfers in	--	--	--	--
Operating transfers out	--	--	--	--
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	1,567	(607,183)	7	1
Fund balances beginning of year	<u>20,910</u>	<u>851,895</u>	<u>825</u>	<u>162</u>
Fund balances end of year	<u>\$ 22,477</u>	<u>\$ 244,712</u>	<u>\$ 832</u>	<u>\$ 163</u>

(continued next page)

Special Revenue					
Conservation Trust	Resource Enhancement and Protection	Law Enforcement Forfeiture	County Attorney Forfeiture	Sheriff Forfeiture	Flood and Erosion
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	14,983	--	--	--	--
--	--	--	--	--	--
21	233	165	13	13	--
7,100	--	18,632	--	3,021	130
7,121	15,216	18,797	13	3,034	130
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	23	--	--	--	16,035
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	23	--	--	--	16,035
7,121	15,193	18,797	13	3,034	(15,905)
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
7,121	15,193	18,797	13	3,034	(15,905)
1,843	19,762	6,141	1,689	315	85,455
\$ 8,964	\$ 34,955	\$ 24,938	\$ 1,702	\$ 3,349	\$ 69,550

Crawford County
Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Continued
Nonmajor Governmental Funds

Year ended June 30, 2016

	Special Revenue		
	Drainage Districts	Cabin Fund	Supplemental Environment Projects
Revenues:			
Property and other County tax	\$ --	\$ 909	\$ --
Intergovernmental	--	--	--
Charges for service	--	18,288	--
Use of money and property	--	--	--
Miscellaneous	--	--	--
Total revenues	--	19,197	--
Expenditures:			
Operating:			
Public safety and legal services	--	--	--
Physical health and social services	--	--	--
Mental health	--	--	--
County environment and education	--	2,465	--
Governmental services to residents	--	--	--
Debt service	--	--	--
Capital projects	--	--	--
Total expenditures	--	2,465	--
Excess (deficiency) of revenues over (under) expenditures	--	16,732	--
Other financing sources (uses):			
Operating transfers in	--	--	--
Operating transfers out	--	--	--
Total other financing sources (uses)	--	--	--
Net change in fund balances	--	16,732	--
Fund balances beginning of year	12,864	19,334	60
Fund balances end of year	\$ 12,864	\$ 36,066	\$ 60

(continued next page)

Special Revenue					
Juvenile Court Division	Baby Boutique	K9	HCCMS Family Planning	Tower Maintenance	Capital Projects
\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
--	--	--	--	--	--
--	--	--	--	--	--
1	--	1	1,501	249	76
--	150	40	--	17,382	10,695
1	150	41	1,501	17,631	10,771
--	--	851	--	15,096	--
114	208	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	117,092
114	208	851	--	15,096	117,092
(113)	(58)	(810)	1,501	2,535	(106,321)
--	--	171	38,061	--	29,531
--	--	--	(19,710)	--	--
--	--	171	18,351	--	29,531
(113)	(58)	(639)	19,852	2,535	(76,790)
113	2,346	639	153,964	31,781	87,485
\$ --	\$ 2,288	\$ --	\$ 173,816	\$ 34,316	\$ 10,695

Crawford County

Combining Schedule of Revenues, Expenditures and
Changes in Fund Balances - Continued
Nonmajor Governmental Funds

Year ended June 30, 2016

	Debt Service	Total
Revenues:		
Property and other County tax	\$ 146,600	\$ 147,509
Intergovernmental	11,984	107,182
Charges for service	--	20,987
Use of money and property	740	3,056
Miscellaneous	--	57,150
Total revenues	<u>159,324</u>	<u>335,884</u>
Expenditures:		
Operating:		
Public safety and legal services	--	15,947
Physical health and social services	--	322
Mental health	--	687,398
County environment and education	--	18,523
Governmental services to residents	--	1,167
Debt service	154,542	154,542
Capital projects	--	117,092
Total expenditures	<u>154,542</u>	<u>994,991</u>
Excess (deficiency) of revenues over (under) expenditures	4,782	(659,107)
Other financing sources (uses):		
Operating transfers in	--	67,763
Operating transfers out	--	(19,710)
Total other financing sources (uses)	<u>--</u>	<u>48,053</u>
Net change in fund balances	4,782	(611,054)
Fund balances beginning of year	<u>29,993</u>	<u>1,327,576</u>
Fund balances end of year	<u>\$ 34,775</u>	<u>\$ 716,522</u>

See accompanying independent auditor's report.

Crawford County
Combining Schedule of Fiduciary Assets and Liabilities
Agency Funds

June 30, 2016

	<u>County Offices</u>			<u>Agricultural Extension Education</u>
	<u>County Recorder</u>	<u>County Sheriff</u>	<u>County Conservation</u>	
Assets				
Cash and pooled investments:				
County Treasurer	\$ --	\$ --	\$ --	\$ 1,903
Other County officials	32,659	16,678	507	--
Receivables:				
Property tax:				
Delinquent	--	--	--	375
Succeeding year	--	--	--	190,000
Accounts	558	--	--	--
Special assessments	--	--	--	--
Due from other funds	--	--	--	--
Due from other governments	--	--	--	--
Total assets	<u>\$ 33,217</u>	<u>\$ 16,678</u>	<u>\$ 507</u>	<u>\$ 192,278</u>
Liabilities				
Accounts payable	\$ --	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--	--
Due to other funds	28,034	1,093	--	--
Due to other governments	5,183	204	--	192,278
Trusts payable	--	15,381	507	--
Compensated absences	--	--	--	--
Total liabilities	<u>\$ 33,217</u>	<u>\$ 16,678</u>	<u>\$ 507</u>	<u>\$ 192,278</u>

(continued next page)

<u>County Assessor</u>	<u>Emergency Management Services</u>	<u>Sanitary Disposal District</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 287,644	\$ 38,662	\$ 13,295	\$ 127,433	\$ 7,942	\$ 55,967
--	--	--	--	--	--
105,285	--	--	26,836	1,499	26,832
350,000	--	--	12,431,000	768,000	4,399,000
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
74	4,000	35,297	--	--	--
<u>\$ 743,003</u>	<u>\$ 42,662</u>	<u>\$ 48,592</u>	<u>\$12,585,269</u>	<u>\$ 777,441</u>	<u>\$ 4,481,799</u>
\$ --	\$ --	\$ 10,869	\$ --	\$ --	\$ --
--	151	7,757	--	--	--
--	--	--	--	--	--
738,747	42,511	29,966	12,585,269	777,441	4,481,799
--	--	--	--	--	--
4,256	--	--	--	--	--
<u>\$ 743,003</u>	<u>\$ 42,662</u>	<u>\$ 48,592</u>	<u>\$12,585,269</u>	<u>\$ 777,441</u>	<u>\$ 4,481,799</u>

Crawford County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2016

	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 3,603	\$ 446,114	\$ 736
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	328	--	6
Succeeding year	471,000	--	3,000
Accounts	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
Total assets	<u>\$ 474,931</u>	<u>\$ 446,114</u>	<u>\$ 3,742</u>
Liabilities			
Accounts payable	\$ --	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	15,522	--
Due to other governments	474,931	430,592	3,742
Trusts payable	--	--	--
Compensated absences	--	--	--
Total liabilities	<u>\$ 474,931</u>	<u>\$ 446,114</u>	<u>\$ 3,742</u>

(continued next page)

<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Monies and Credits</u>	<u>City Special Assessments</u>	<u>County Hospital</u>	<u>Wellness</u>	<u>E911</u>
\$ 29	\$ --	\$ 2,789	\$ 15,980	\$ 1,883	\$ 211,596
--	--	--	--	--	--
--	--	--	2,984	--	--
--	--	--	1,513,000	--	--
--	--	--	--	--	9,369
--	--	131,600	--	--	--
--	--	--	--	--	--
--	--	--	--	--	146,193
<u>\$ 29</u>	<u>\$ --</u>	<u>\$ 134,389</u>	<u>\$ 1,531,964</u>	<u>\$ 1,883</u>	<u>\$ 367,158</u>
\$ --	\$ --	\$ --	\$ --	\$ --	\$ 18,833
--	--	--	--	--	--
--	--	--	--	--	--
29	--	134,389	1,531,964	1,883	348,325
--	--	--	--	--	--
--	--	--	--	--	--
<u>\$ 29</u>	<u>\$ --</u>	<u>\$ 134,389</u>	<u>\$ 1,531,964</u>	<u>\$ 1,883</u>	<u>\$ 367,158</u>

Crawford County

Combining Schedule of Fiduciary Assets and Liabilities - Continued
Agency Funds

June 30, 2016

	<u>Ground Water Protection</u>	<u>Advance Tax</u>	<u>Unclaimed Property</u>
Assets			
Cash and pooled investments:			
County Treasurer	\$ 110,281	\$ 154,992	\$ 263
Other County officials	--	--	--
Receivables:			
Property tax:			
Delinquent	--	--	--
Succeeding year	--	--	--
Accounts	--	--	--
Special assessments	--	--	--
Due from other funds	--	--	--
Due from other governments	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 110,281</u>	<u>\$ 154,992</u>	<u>\$ 263</u>
Liabilities			
Accounts payable	\$ 350	\$ --	\$ --
Salaries and benefits payable	--	--	--
Due to other funds	--	--	--
Due to other governments	109,931	154,992	263
Trusts payable	--	--	--
Compensated absences	--	--	--
	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>\$ 110,281</u>	<u>\$ 154,992</u>	<u>\$ 263</u>

See accompanying independent auditor's report.

<u>Unapportioned Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Treasurer's Refunds</u>	<u>Total</u>
\$ (280)	\$ 284	\$ 12	\$ 1,481,128
--	--	--	49,844
--	--	--	164,145
--	--	--	20,125,000
--	--	--	9,927
--	--	--	131,600
--	240	--	240
--	--	--	185,564
<u>\$ (280)</u>	<u>\$ 524</u>	<u>\$ 12</u>	<u>\$ 22,147,448</u>
\$ --	\$ --	\$ --	\$ 30,052
--	--	--	7,908
--	--	--	44,649
(280)	524	12	22,044,695
--	--	--	15,888
--	--	--	4,256
<u>\$ (280)</u>	<u>\$ 524</u>	<u>\$ 12</u>	<u>\$ 22,147,448</u>

Crawford County
Combining Schedule of Changes in Fiduciary Assets and Liabilities
Agency Funds

Year ended June 30, 2016

Assets and Liabilities	County Offices			Agricultural Extension Education
	County Recorder	County Sheriff	County Conservation	
Balances beginning of year	\$ 48,615	\$ 21,089	\$ 1,013	\$ 180,899
Additions:				
Property and other County tax	--	--	--	182,391
E911 surcharge	--	--	--	--
State tax credits	--	--	--	13,858
Office fees and collections	310,112	366,352	--	--
Auto licenses, use tax and postage	--	--	--	--
Assessments	--	--	--	--
Trusts	--	--	--	--
Miscellaneous	--	--	164,884	--
Total additions	<u>310,112</u>	<u>366,352</u>	<u>164,884</u>	<u>196,249</u>
Deductions:				
Agency Remittances:				
To other funds	117,422	57,619	--	--
To other governments	208,088	--	165,390	184,870
Trusts paid out	--	313,144	--	--
Total deductions	<u>325,510</u>	<u>370,763</u>	<u>165,390</u>	<u>184,870</u>
Balances end of year	\$ <u>33,217</u>	\$ <u>16,678</u>	\$ <u>507</u>	\$ <u>192,278</u>

(continued next page)

<u>County Assessor</u>	<u>Emergency Management Services</u>	<u>Sanitary Disposal District</u>	<u>Schools</u>	<u>Community Colleges</u>	<u>Corporations</u>
\$ 715,429	\$ 28,099	\$ 59,996	\$ 12,093,944	\$ 753,962	\$ 4,559,037
362,053	--	--	11,924,360	737,635	4,876,088
--	--	--	--	--	--
26,947	--	--	961,617	57,807	666,943
8	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	--	--	--	--
1,534	84,681	774,144	--	--	--
<u>390,542</u>	<u>84,681</u>	<u>774,144</u>	<u>12,885,977</u>	<u>795,442</u>	<u>5,543,031</u>
--	--	--	--	--	--
362,968	70,118	785,548	12,394,652	771,963	5,620,269
--	--	--	--	--	--
<u>362,968</u>	<u>70,118</u>	<u>785,548</u>	<u>12,394,652</u>	<u>771,963</u>	<u>5,620,269</u>
\$ 743,003	\$ 42,662	\$ 48,592	\$ 12,585,269	\$ 777,441	\$ 4,481,799

Crawford County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2016

	<u>Townships</u>	<u>Auto License and Use Tax</u>	<u>Brucellosis and Tuberculosis Eradication</u>
Assets and Liabilities			
Balance beginning of year	<u>\$ 334,229</u>	<u>\$ 441,539</u>	<u>\$ 3,626</u>
Additions:			
Property and other County tax	462,095	--	3,015
E911 surcharge	--	--	--
State tax credits	18,346	--	245
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	5,343,774	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	--	--
Total additions	<u>480,441</u>	<u>5,343,774</u>	<u>3,260</u>
Deductions:			
Agency Remittances:			
To other funds	--	193,710	--
To other governments	339,739	5,145,489	3,144
Trusts paid out	--	--	--
Total deductions	<u>339,739</u>	<u>5,339,199</u>	<u>3,144</u>
Balance end of year	<u>\$ 474,931</u>	<u>\$ 446,114</u>	<u>\$ 3,742</u>

(continued next page)

<u>Anatomical Gift Public Awareness and Transportation</u>	<u>Monies and Credits</u>	<u>City Special Assessments</u>	<u>County Hospital</u>	<u>Wellness</u>	<u>E911</u>
\$ 59	\$ --	\$ 164,401	\$ 1,515,904	\$ 1,788	\$ 361,524
--	--	--	1,451,671	--	--
--	--	--	--	--	205,436
--	--	--	116,374	--	--
--	--	--	--	--	--
--	--	--	--	--	--
--	--	(2,023)	--	--	--
--	--	--	--	2,475	--
299	512	--	--	5,000	102,542
<u>299</u>	<u>512</u>	<u>(2,023)</u>	<u>1,568,045</u>	<u>7,475</u>	<u>307,978</u>
--	--	--	--	--	--
329	512	27,989	1,551,985	7,380	302,344
--	--	--	--	--	--
<u>329</u>	<u>512</u>	<u>27,989</u>	<u>1,551,985</u>	<u>7,380</u>	<u>302,344</u>
\$ 29	\$ --	\$ 134,389	\$ 1,531,964	\$ 1,883	\$ 367,158

Crawford County

Combining Schedule of Changes in Fiduciary Assets and Liabilities - Continued
Agency Funds

Year ended June 30, 2016

	Ground Water Protection	Advance Tax	Unclaimed Property
Assets and Liabilities			
Balance beginning of year	\$ 120,449	\$ 109,570	\$ 263
Additions:			
Property and other County tax	--	--	--
E911 surcharge	--	--	--
State tax credits	--	--	--
Office fees and collections	--	--	--
Auto licenses, use tax and postage	--	--	--
Assessments	--	--	--
Trusts	--	--	--
Miscellaneous	--	161,064	--
Total additions	--	161,064	--
Deductions:			
Agency Remittances:			
To other funds	--	115,642	--
To other governments	10,168	--	--
Trusts paid out	--	--	--
Total deductions	10,168	115,642	--
Balance end of year	\$ 110,281	\$ 154,992	\$ 263

See accompanying independent auditor's report.

<u>Unapportioned Tax</u>	<u>Recorder's Electronic Transfer Fee</u>	<u>Treasurer's Refunds</u>	<u>Total</u>
\$ 104,865	\$ 514	\$ 593	\$ 21,621,407
--	--	--	19,999,308
--	--	--	205,436
--	--	--	1,862,137
--	--	--	676,472
--	--	--	5,343,774
--	--	--	(2,023)
--	--	--	2,475
400,691	2,701	(581)	1,697,471
<u>400,691</u>	<u>2,701</u>	<u>(581)</u>	<u>29,785,050</u>
--	--	--	484,393
--	2,691	--	27,955,636
505,836	--	--	818,980
<u>505,836</u>	<u>2,691</u>	<u>--</u>	<u>29,259,009</u>
\$ (280)	\$ 524	\$ 12	\$ 22,147,448

Crawford County

Schedule of Revenues by Source and Expenditures by Function - All Governmental Fund Types

For the Last Ten Years

	Modified Accrual Basis			
	2016	2015	2014	2013
Revenues:				
Property and other				
County tax	\$ 8,348,078	\$ 8,479,693	\$ 8,035,025	\$ 8,131,171
Interest and penalty on				
property tax	50,659	48,695	46,479	54,575
Intergovernmental	6,858,710	6,490,035	5,760,199	5,474,651
Licenses and permits	4,309	4,783	5,024	5,811
Charges for service	846,788	757,976	835,139	779,979
Use of money and				
property	97,926	125,259	114,140	105,054
Miscellaneous	211,196	482,189	262,782	150,001
Total	<u>\$ 16,417,666</u>	<u>\$ 16,388,630</u>	<u>\$ 15,058,788</u>	<u>\$ 14,701,242</u>
Expenditures:				
Operating:				
Public safety and				
legal services	\$ 2,156,289	\$ 1,979,773	\$ 1,846,867	\$ 1,903,730
Physical health and				
social services	2,415,078	2,626,018	2,448,405	2,417,483
Mental health	687,398	912,983	612,980	609,472
County environment				
and education	1,168,246	1,159,816	938,996	915,362
Roads and transportation	7,119,529	7,457,601	7,123,932	6,218,193
Governmental services				
to residents	631,244	554,328	540,723	516,699
Administration	1,248,449	1,285,875	1,161,701	1,273,577
Debt service	154,542	246,680	243,155	1,624,260
Capital projects	1,413,454	234,532	244,851	240,784
Total	<u>\$ 16,994,229</u>	<u>\$ 16,457,606</u>	<u>\$ 15,161,610</u>	<u>\$ 15,719,560</u>

See accompanying independent auditor's report.

Modified Accrual Basis					
2012	2011	2010	2009	2008	2007
\$ 7,429,018	\$ 7,403,977	\$ 6,969,027	\$ 6,712,622	\$ 6,255,519	\$ 6,074,600
55,693	55,069	48,956	45,885	43,272	45,138
8,629,144	6,792,858	8,740,517	8,580,817	7,628,573	5,968,333
8,495	24,594	6,138	9,254	18,661	20,507
758,616	730,090	706,840	670,965	731,999	745,267
113,341	116,743	173,852	240,718	371,905	464,425
<u>276,272</u>	<u>233,075</u>	<u>299,939</u>	<u>291,007</u>	<u>210,276</u>	<u>181,042</u>
<u>\$ 17,270,579</u>	<u>\$ 15,356,406</u>	<u>\$ 16,945,269</u>	<u>\$ 16,551,268</u>	<u>\$ 15,260,205</u>	<u>\$ 13,499,312</u>
\$ 1,821,620	\$ 1,790,287	\$ 1,745,314	\$ 1,599,327	\$ 1,374,429	\$ 1,323,978
2,439,827	2,477,501	2,447,304	2,381,322	2,117,423	1,937,106
2,159,816	1,648,364	1,577,899	2,047,478	2,020,335	1,940,034
940,823	846,583	993,945	818,877	741,682	742,239
7,385,121	6,628,529	7,307,254	5,958,056	5,233,883	4,889,258
512,286	494,213	457,774	453,933	439,657	440,859
1,103,811	1,136,314	1,060,903	1,001,091	1,201,701	945,125
245,060	245,370	238,315	240,241	172,827	159,956
<u>584,875</u>	<u>1,339,714</u>	<u>647,832</u>	<u>1,827,693</u>	<u>989,297</u>	<u>2,477,310</u>
<u>\$ 17,193,239</u>	<u>\$ 16,606,875</u>	<u>\$ 16,476,540</u>	<u>\$ 16,328,018</u>	<u>\$ 14,291,234</u>	<u>\$ 14,855,865</u>

Crawford County
Schedule of Expenditures of Federal Awards
Year ended June 30, 2016

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Direct:			
U.S. Department of Justice: State Criminal Alien Assistance Program	16.606		\$ 3,032
Indirect:			
U.S. Department of Agriculture: Iowa Department of Human Services: State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		11,038
U.S. Department of Transportation: Iowa Department of Transportation: Highway Planning and Construction	20.205	24-C024-110/24-C024-109	817,238
U.S. Department of Health and Human Services: Iowa Department of Elder Affairs: Elderbridge Area Agency on Aging: Special Programs for the Aging - Title III, Part B - Grants for Supportive Services and Senior Citizens	93.044		43,510
Iowa Department of Public Health: Public Health Emergency Preparedness	93.074	5885BT17	46,842
Family Planning - Services	93.217	5885MH08	72,314
Immunization Grants	93.268	5885I421	8,963
Promoting Safe and Stable Families	93.556		3,712
Buena Vista, Crawford, and Sac Counties Community Empowerment Area: Child Care and Development Block Grant	93.558		7,218
Harrison, Monona, Shelby Empowerment Area Board: Child Care and Development Block Grant	93.575	HMS-11-08	7,669
Cass Empowerment Area Board: Child Care and Development Block Grant	93.575		<u>1,732</u>
			<u>9,401</u>
Maternal and Child Health Services Block Grant to the States	93.994	5885MH08	44,326

(continued next page)

Crawford County

Schedule of Expenditures of Federal Awards - Continued

Year ended June 30, 2016

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Program Expenditures</u>
Indirect (continued):			
Iowa Department of Human Services:			
Human Services Administrative Reimbursements:			
Refugee and Entrant Assistance - State			
Administered Programs	93.566		\$ 31
Child Care Mandatory and Matching Funds			
of the Child Care and Development Fund	93.596		2,945
Foster Care - Title IV-E	93.658		4,442
Adoption Assistance - Title IV-E	93.659		1,483
Children's Health Insurance Program (CHIP)	93.767		92
Medical Assistance Program (Medicaid,			
Title XIX)	93.778		20,474
Social Services Block Grant	93.667		3,384
Iowa Child Abuse Prevention Program	93.556		19,658
Prevent Child Abuse Iowa	93.556		1,875
			<u>21,533</u>
Total indirect			<u>1,118,946</u>
Total			<u>\$ 1,121,978</u>

Basis of Presentation -The accompanying Schedule of Expenditures of Federal Awards (Schedule) includes the federal award activity of Crawford County under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2, U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Crawford County, it is not intended to and does not present the financial position, changes in financial position or cash flows of Crawford County.

Summary of Significant Accounting Policies - Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Crawford County has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

See accompanying independent auditor's report.

COMMENTS AND RECOMMENDATIONS

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

To the Officials of Crawford County, Iowa

We have audited in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Governmental Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Crawford County, Iowa, as of and for the year ended June 30, 2016, and the related Notes to Financial Statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated March 6, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crawford County's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crawford County's internal control. Accordingly, we do not express an opinion on the effectiveness of Crawford County's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County's financial statements will not be prevented or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined below. However, material weaknesses may exist that have not been identified.

To the Officials of Crawford County, Iowa

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crawford County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters which are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the County's operations for the year ended June 30, 2016 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the County. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the County's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gunnwald, Ben, Kyhn & Co. P.C.

Atlantic, Iowa
March 6, 2017

Gronewold, Bell, Kyhnn & Co. P.C.

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Independent Auditor's Report on Compliance for Each Major Federal Program, on Internal Control over Compliance Required by the Uniform Guidance

To the Officials of Crawford County, Iowa

Report on Compliance for Each Major Federal Program

We have audited Crawford County Iowa's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended June 30, 2016. Crawford County's major federal program is identified in Part I of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grant agreements applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Crawford County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and Title 2, U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crawford County's compliance with those requirements and performing such other procedures we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Crawford County's compliance.

To the Officials of Crawford County, Iowa

Opinion on the Major Federal Program

In our opinion, Crawford County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

The management of Crawford County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Crawford County's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crawford County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Ben Kuhn & Co. P.C.

Atlantic, Iowa
March 6, 2017

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part I: Summary of the Independent Auditor's Results

- (a) Unmodified opinions were issued on the financial statements.
- (b) The audit did not disclose any significant deficiencies or material weaknesses in internal control over financial reporting.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) The audit did not disclose any significant deficiencies or material weakness in internal control over the major program.
- (e) An unmodified opinion was issued on compliance with requirements applicable to the major program.
- (f) The audit did not disclose audit findings which are required to be reported in accordance with the Uniform Guidance, Section 200.515.
- (g) The major program was CFDA Number 20.205 - Highway Planning and Construction.
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- (i) Crawford County did not qualify as a low-risk auditee.

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part II: Findings Related to the Financial Statements

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part III: Findings and Questioned Costs for Federal Awards

INTERNAL CONTROL DEFICIENCIES:

No matters were reported.

INSTANCES OF NON-COMPLIANCE:

No matters were reported.

Part IV: Other Findings Related to Required Statutory Reporting

- 16-IV-A Certified Budget: Disbursements during the year ended June 30, 2016 did not exceed the amounts budgeted in any function.
- 16-IV-B Questionable Expenditures: No expenditures were noted that meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.
- 16-IV-C Travel Expense: No expenditures of County money for travel expenses of spouses of County officials or employees were noted.
- 16-IV-D Business Transactions: No business transactions between the County and County officials or employees were noted.
- 16-IV-E Bond Coverage: Surety bond coverage of County officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- 16-IV-F Board Minutes: No transactions were found that we believe should have been approved in the Board minutes but were not.

Crawford County
Schedule of Findings and Questioned Costs
Year ended June 30, 2016

Part IV: Other Findings Related to Required Statutory Reporting - Continued

- 16-IV-G Deposits and Investments: No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the County's investment policy were noted.
- 16-IV-H Resource Enhancement and Protection Certification: The County properly dedicated property tax revenue to conservation purposes as required by Chapter 455A.19(1)(b) of the Code of Iowa in order to receive the additional REAP funds allocated in accordance with subsections (b)(2) and (b)(3).
- 16-IV-I County Extension Office: The County Extension Office is operated under the authority of Chapter 176A of the Code of Iowa and serves as an agency of the State of Iowa. This fund is administered by an extension council separate and distinct from County operations and, consequently, is not included in Exhibits A or B.

Disbursements during the year ended June 30, 2016 for the County Extension Office did not exceed the amount budgeted.

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